# MINISTRY OF JUSTICE AND ATTORNEY GENERAL

## VICTIMS' FUND

## FINANCIAL STATEMENTS

**For the Year Ended March 31, 2008**

**Provincial Auditor Saskatchewan**

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SASKATCHEWAN

# AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Ministry of Justice and Attorney General – Victims' Fund as at March 31, 2008, and the statements of operations, changes in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 12, 2008

Fred Wendel, CMA, CA
Provincial Auditor

# MINISTRY OF JUSTICE AND ATTORNEY GENERAL
## VICTIMS' FUND
## STATEMENT OF FINANCIAL POSITION
## As at March 31

| | 2008 | 2007 |
|---|---|---|
| **Financial assets** | | |
| Due from General Revenue Fund (Note 6) | $ 2,231,892 | $ 1,266,682 |
| Accounts receivable (Note 7) | 1,157,813 | 1,143,596 |
| Due from Public Guardian and Trustee (Note 8) | 760,424 | 365,734 |
| Total financial assets | 4,150,129 | 2,776,012 |
| **Liabilities** | | |
| Accounts payable | 32,038 | 150,743 |
| Due to General Revenue Fund (Note 9) | - | 503,808 |
| Employee leave entitlement | 31,461 | 25,576 |
| Deferred revenue (Notes 2b and 11) | 366,760 | 67,677 |
| Total liabilities | 430,259 | 747,804 |
| **Net financial assets** | 3,719,870 | 2,028,208 |
| **Non-financial assets** | | |
| Tangible capital assets (Notes 2d and 4) | - | 979 |
| **Accumulated surplus** | $ 3,719,870 | $ 2,029,187 |

Commitments (Note 12)

(See accompanying notes to the financial statements)

# MINISTRY OF JUSTICE AND ATTORNEY GENERAL
## VICTIMS' FUND
## STATEMENT OF OPERATIONS
### For the Year Ended March 31

| | Budget 2008 (Note 13) | Actual 2008 | 2007 |
|---|---|---|---|
| **Revenue:** | | | |
| Surcharge revenue | $ 3,600,000 | $ 4,314,253 | $ 3,751,288 |
| General Revenue Fund – appropriation (Note 10) | 614,000 | 1,328,307 | 597,846 |
| Provincial Proceeds of Crime revenue (Note 9) | - | 507,899 | - |
| Investment income (Note 8) | - | 89,520 | 51,535 |
| Federal Proceeds of Crime revenue | - | 55,000 | 22,000 |
| Other | - | 89,452 | 9,793 |
| Total revenue | 4,214,000 | 6,384,431 | 4,432,462 |
| **Expense:** | | | |
| Administration costs | 587,000 | 522,750 | 512,231 |
| Crisis intervention services | 2,600,000 | 2,923,164 | 2,453,251 |
| Court based programs | 269,000 | 256,622 | 248,428 |
| Compensation payments | 595,000 | 355,821 | 397,108 |
| Restitution program | 142,000 | 81,670 | 82,195 |
| Research, evaluation and prevention | 197,000 | 461,440 | 180,351 |
| Education and training | 111,000 | 37,281 | 46,479 |
| Proceeds of Crime program | - | 55,000 | 22,000 |
| Total expense (Schedule 1) | 4,501,000 | 4,693,748 | 3,942,043 |
| **(Deficit) surplus for the year** | $ (287,000) | 1,690,683 | 490,419 |
| Accumulated surplus, beginning of year | | 2,029,187 | 1,538,768 |
| **Accumulated surplus, end of year** | | $ 3,719,870 | $ 2,029,187 |

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**
**VICTIMS' FUND**
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**
**For the Year Ended March 31**

| | 2008 | 2007 |
|---|---|---|
| **Surplus for the year** | $ 1,690,683 | $ 490,419 |
| Amortization of tangible capital assets | 979 | 5,903 |
| | 979 | 5,903 |
| Increase in net financial assets | 1,691,662 | 496,322 |
| Net financial assets, beginning of year | 2,028,208 | 1,531,886 |
| **Net financial assets, end of year** | $ 3,719,870 | $ 2,028,208 |

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**
**VICTIMS' FUND**
**STATEMENT OF CASH FLOWS**
**For the Year Ended March 31**

| | 2008 | 2007 |
|---|---|---|
| **Operating Activities** | | |
| Cash received from: | | |
| Surcharge | $ 4,320,050 | $ 3,624,942 |
| Other | 1,845,438 | 1,201,064 |
| | 6,165,488 | 4,826,006 |
| Cash paid for: | | |
| Salaries | 721,169 | 741,369 |
| Other | 4,084,419 | 3,263,763 |
| | 4,805,588 | 4,005,132 |
| Cash provided by operating activities | 1,359,900 | 820,874 |
| **Investing activities** | | |
| (Purchase)/sale of investments | (394,690) | 124,144 |
| **Increase in cash and cash equivalents** | 965,210 | 945,018 |
| Due from General Revenue Fund, beginning of year | 1,266,682 | 321,664 |
| **Due from General Revenue Fund, end of year** | $ 2,231,892 | $ 1,266,682 |

(See accompanying notes to the financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**
**VICTIMS' FUND**
**NOTES TO THE FINANCIAL STATEMENTS**
**For the year ended March 31, 2008**

## 1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act*, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the Criminal Code of Canada. The Ministry of Justice and Attorney General collects surcharges on behalf of the Fund. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; to conduct research and to distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and reflect the following significant accounting principles.

a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

i) Surcharge and Other Sources

Surcharges and other sources of revenue are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ii) Deferred revenue

Proceeds of crime receipts from the Federal Government are recognized as revenue in the year the related expenses are incurred.

c) Community grants expense

Grants are expensed when approved and the recipient has met eligibility criteria.

d) Tangible capital assets

Tangible capital assets that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over the assets' useful life of three years.

e) Use of estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences will be reflected in current operations when identified.

## 3. Financial Instruments

The Fund has the following financial instruments:
- due from General Revenue Fund,
- due from Public Guardian and Trustee,
- accounts receivable,
- accounts payable.

The following paragraphs disclose the significant aspects of these financial instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates.

The Fund's cash is held in the General Revenue Fund (a related party) and interest is paid at standard rates paid by the Government of Saskatchewan (see Note 6).

As market interest rates fluctuate the market value of the Fund's investments held with the Public Guardian and Trustee moves in the opposite direction. This risk may affect the price the Fund can sell the investments for prior to maturity.

The Fund's receivables and payables are non-interest bearing and as a result there is no interest rate risk associated with these financial instruments.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund, accounts receivable and due from the Public Guardian and Trustee.

Due from Public Guardian and Trustee consists of government and government guaranteed bonds, corporate bonds, and shares in Canadian and foreign companies. Credit risk is minimal for government and government guaranteed bonds. Credit risk for corporate bonds is related to investees' abilities to redeem

their bonds upon maturity. The Public Guardian and Trustee limits the credit risk by investing in securities considered to be high quality.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fines which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fines which will be collected, based on past experience.

c) Fair value

For the following instruments, the fair values approximate carrying value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable

The fair value of due from Public Guardian and Trustee at March 31, 2008 approximates its carrying value as the amount reflects market values of the underlying investments (see Note 8).

## 4. Tangible Capital Assets

| | 2008 | 2007 |
|---|---|---|
| Opening costs of tangible capital assets | $ 113,160 | $ 113,160 |
| Additions during the year | - | - |
| Closing costs of tangible capital assets | 113,160 | 113,160 |
| Opening accumulated amortization | 112,181 | 106,278 |
| Annual amortization | 979 | 5,903 |
| Closing accumulated amortization | 113,160 | 112,181 |
| Net book value of tangible capital assets | $ - | $ 979 |

Tangible capital assets consist of computer hardware.

Annual amortization is included in administration costs in the Statement of Operations.

## 5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, ministries, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

During the year, the Fund received certain administrative services from the Ministry of Justice and Attorney General and the Ministry of Finance without charge.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and related notes.

## 6. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2008 was 4.08% (2007 – 4.15%)

## 7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals, and miscellaneous receivables. The balance at March 31 consists of:

| | 2008 | 2007 |
|---|---|---|
| Surcharge receivable | $ 1,052,626 | $ 1,058,424 |
| Federal/Provincial Cost Sharing Agreement receivable | 59,790 | 25,001 |
| Other accounts receivable | 45,397 | 60,171 |
| Total accounts receivable | $ 1,157,813 | $ 1,143,596 |

## 8. Due from Public Guardian and Trustee

The Fund invests a portion of its surplus funds through the Public Guardian and Trustee (PGT) for Saskatchewan. The PGT invests these monies, together with monies it administers for its other clients, in a common fund. PGT allocates income earned in the common fund, together with part of the change in market values of common fund investments, annually to its clients, including Victims' Fund.

The Fund records amounts PGT allocates as income or loss and adjusts the carrying value of its investment by the same amount.

## 9. Provincial Proceeds of Crime Revenue

The Province of Saskatchewan receives proceeds of crime money resulting from forfeiture orders issued pursuant to Section XII.2 of the Criminal Code of Canada. In 2006-07, the Government approved the deposit of the provincial proceeds to the Fund without further direction. In 2007-08, under the authority of Order in Council 649/2007 these proceeds are recorded as revenue of the Fund.

## 10. General Revenue Fund – Appropriation

The appropriation reflects funding for Victims' programs from the General Revenue Fund. The Fund manages and pays for certain programs and receives reimbursement for the costs of those programs.

## 11. Deferred Revenue

Under the federal *Seized Property Management Act* and the Forfeited Property Sharing Regulations, the Federal Government receives monies from seizures made by police during drug and other illegal activity investigations. On April 17, 2000 the Province entered in an agreement with the Federal Government that specifies these proceeds are to be used to support crime prevention, issues of substance abuse, and law enforcement.

| | 2008 | 2007 |
|---|---|---|
| Deferred revenue consists of: | | |
| Monies for RCMP operations directed at organized crime | $ 268,440 | $ 52,877 |
| Monies for public education and crime prevention | 98,320 | 14,800 |
| Total deferred revenue | $ 366,760 | $ 67,677 |

## 12. Commitments

The Fund enters into two-year agreements with agencies to provide victim services programs throughout the Province. The Fund has the following annual contractual commitments for 2008/09:

| | |
|---|---|
| Police based programs | $ 1,680,262 |
| Specialized programs | 280,007 |
| Other | 605,618 |
| Total contractual commitments | $ 2,565,887 |

## 13. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

## 14. Comparative Information

Certain 2006-07 balances have been reclassified to conform to the current year's presentation.

**Schedule 1**

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**
**VICTIMS' FUND**
**SCHEDULE OF EXPENSE BY OBJECT**
**For the Year Ended March 31**

| | 2008 | 2007 |
|---|---|---|
| Expense: | | |
| Community grants | $ 3,406,741 | $ 2,661,332 |
| Salaries | 727,054 | 741,635 |
| Proceeds of Crime program | 55,000 | 22,000 |
| Compensation awards | 355,821 | 397,108 |
| Administration | 133,988 | 99,155 |
| Systems expenses | 14,165 | 14,910 |
| Amortization | 979 | 5,903 |
| | $ 4,693,748 | $ 3,942,043 |

## Transfers

Listed are transfers to recipients
who received $50,000 or more.

| | |
|---|---|
| Athabasca Health Authority Inc. | $ 66,857 |
| Battlefords Victim Services Inc. | 159,128 |
| Buffalo Regional Victim Services Inc. | 127,595 |
| Catholic Family Services of Prince Albert Inc. | 57,395 |
| Catholic Family Services of Saskatoon | 91,033 |
| Catholic Family Services of The Battlefords Inc. | 57,277 |
| Churchill River Regional Victim Services Inc. | 122,411 |
| Circle Project Association Inc. | 77,528 |
| Family Service Regina Inc. | 167,870 |
| Family Service of Saskatoon | 119,781 |
| Kanaweyimik Child and Family Services Inc. | 66,625 |
| Kelsey Trail Regional Health Authority | 120,000 |
| Moose Jaw Police Service | 67,900 |
| Northeast Regional Victim Services Inc. | 125,671 |
| Northern Region Victim Services | 147,244 |
| Northwest Regional Victim Services Inc. | 64,393 |
| Parkland Victims Services Inc. | 190,292 |
| Prince Albert Police Service | 137,846 |
| Prince Albert Regional Victim Services Inc. | 96,228 |
| Regina Police Service | 188,598 |
| Regina Region Victim Services Inc. | 101,702 |
| Regina Women's Community Ctr & Sexual Assault Line Inc. | 59,175 |
| Saskatoon Indian & Metis Friendship Centre Inc. | 67,594 |
| Saskatoon Police Service | 251,552 |
| Saskatoon Sexual Assault & Information Centre Inc. | 71,848 |
| South West Victim Services Inc. | 67,870 |
| Southeast Regional Victim Services Inc. | 96,882 |
| Young Women's Christian Association of Regina | 68,121 |

## Personal Services

Listed are individuals who received payments for salaries, wages, honorariums, etc. which total $50,000 or more.

| | |
|---|---|
| McKendrick, Rod | $ 79,029 |
| Sanderson, Garry | 56,655 |
| Selinger, Murray | 66,625 |
| Stephen, Erin | 51,547 |
| Thiele, Patrick | 96,333 |